

**REMARKS**

Applicants respectfully request reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

This amendment adds, changes and/or deletes claims in this application. A detailed listing of all claims that are, or were, in the application, irrespective of whether the claim(s) remain under examination in the application, is presented, with an appropriate defined status identifier.

Claims 1, 3, 5, 6, 8, 10, 11, 13 and 15 have been amended. Accordingly, Claims 1-15 remain pending in the present application.

The claims cover one form of comprehensive system for an actively managing a supply chain operation for a large plurality of stores, distributors, and suppliers. The system is predicated on electronically storing contract terms for supply contracts for supplying items to independent distributors and/or independent stores of the supply chain and electronically storing distributor contracts for distributing the items to the independent stores of the supply chain; electronically receiving invoice level sales data from the independent suppliers at the supply chain management computer utilizing a network; electronically receiving gross purchase data from the independent distributors at the supply chain management computer utilizing the network; electronically receiving daily sales data from the independent stores at the supply chain manager utilizing the network; electronically comparing data from among the invoice sales data, the gross purchase data, the daily sales data, the supply contracts, the distributor contracts, or information derived therefrom to discover a discrepancy therebetween; and sending an electronic alert if a discrepancy is discovered. The receipt by an independent supply chain manager computer of the data listed above provides the unique ability to compare negotiated contract terms for supplier contracts and distributor contracts to the data on the actual invoices to look for discrepancies, i.e., failures to follow the respective contracts. It also allows the detection of discrepancies that indicate an improper use of the raw materials in the production of the product sold by the stores, for example, an overuse of raw materials as reflected by a lesser number of products sold by the stores then would be expected based on the raw material invoices from the distributors.

The central limitation in these claims is that it is an independent supply chain operation, wherein a large plurality of the outlets, suppliers and distributors are independent, but are dealing with the products of a franchise operation. Because of the overall context of independence, the individual suppliers have no visibility into the system data, but for the present system. This is a particular problem in the context of a large number of independent franchise restaurants creating food

products from recipes that must be followed by a diverse group of employees. If a recipe is not being followed, for example three pickle slices are being used instead of two pickle slices in the construction of a hamburger product, this failure to follow the recipe will be evidenced by invoices for more pickles than would be expected for the number of hamburgers sold by the restaurant, i.e., a discrepancy. Besides improper production methods, raw material – products sold discrepancies could occur from a variety of other causes, such as, for example, waste and theft. In any of these cases, the restaurant manager must take action. But this type of recipe problem is difficult to detect. Likewise, invoice discrepancies between negotiated contract prices from either suppliers or distributors and subsequently received invoices are difficult to detect, especially if they occur only sporadically, and especially in the context of an independent franchise system that could have, for example, over 250 suppliers, 25-30 distributors, and 7000 plus restaurants.

The claims have been rejected under 35 USC 103 over Shavit et al. in view of the Production and Operations Manual. This rejection is traversed and reconsideration thereof is requested.

Shavit et al. discloses an interactive system that facilitates direct communications between buyers and sellers on a network. Shavit also facilitates the provision of payment services and freight services.

The examiner cites page 599 of the Production and Operations Manual for the proposition that it discloses manager responsibilities in managing a supply chain, and specifically refers to the disclosure that a manufacturer can use POS data from customers to drive the manufacturer's production planning. But the reference does not disclose the concept of an independent supply chain manager in the context of a supply chain made up of a large plurality of independent members. The examiner admits that neither reference discloses sending invoice level sales data of suppliers to an independent supply chain manager, and that neither reference discloses sending gross purchase data from distributors to the independent supply chain manager or the sending of POS data to an independent supply chain manager. However, the examiner argues that it would have been obvious to come up with the concept of an independent supply chain manager and to send these various inputs to him in order to "lower production costs through lower buffer inventories and more efficient scheduling," per the Production and Operation Management Manual. But the manual states that these results would occur due to sending the POS data directly to the manufacturer. This teaches away from sending the data to a third party independent supply chain manager.

Thus, nowhere in either reference is there a teaching for an independent supply chain manager in the context of an independent supply chain operation, much less an independent supply chain manager receiving all of these diverse inputs from multiple independent stores, suppliers, and

distributors, much less a system that is performing the step of comparing this data or data derived therefrom to discover a discrepancy, and if a discrepancy is discovered, then sending an electronic alert. Thus, even if this combination could be made (which it cannot), the combination does not teach these claim elements and is fatally deficient.

Applicant believes that the present application is now in condition for allowance. Favorable reconsideration of the application as amended is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by a check being in the wrong amount, unsigned, post-dated, otherwise improper or informal or even entirely missing, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicant hereby petitions for such extension under 37 C.F.R. § 1.136 and authorizes payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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By WTE

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